

***Financial Report***  
***Terrebonne Parish Fire District No. 4-A***  
***Houma, Louisiana***  
***For the year ended December 31, 2007***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

7/23/08

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For the year ended December 31, 2007

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## **FINANCIAL SECTION**



Bourgeois Bennett

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Terrebonne Parish Fire District No. 4-A,  
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Fire District No. 4-A (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2007 which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Terrebonne Parish Fire District No. 4-A as of December 31, 2007, and the changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2008 on our consideration of Terrebonne Parish Fire District No. 4-A's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 8 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
March 20, 2008.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Terrebonne Parish Fire District No. 4-A**

The Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 4-A's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The District's assets exceeded its liabilities at the close of fiscal year 2007 by \$1,966,644 (net assets), which represents a 16.43% increase from last fiscal year.

The District's revenue decreased by \$181,819 (or 17.95%) primarily due to a decrease in property tax revenues

The District's expenses decreased \$23,016 (or 3.99%) primarily due to the decreases in repairs and maintenance

The District did not have any funds with deficit fund balances.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the District:

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise

to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is public safety which is comprised of various programs that include construction, maintenance, and operation of fire protection facilities and the prevention and extinguishment of fires.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the District are governmental funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund and Capital Projects Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found in pages 9 through 15 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provide in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2007, assets exceeded liabilities by \$1,966,644. A large portion of the District's net assets (36.86%) reflects its investment in capital assets (e.g., land; buildings; office furniture and equipment; vehicles, machinery and equipment). Consequently, these assets are not available for future spending.



## Condensed Statements of Net Assets

	December 31,		Dollar
	2007	2006	Change
Current and other assets	\$ 2,723,486	\$ 2,369,997	\$ 353,489
Capital assets	967,573	887,923	79,650
Total assets	<u>3,691,059</u>	<u>3,257,920</u>	<u>433,139</u>
Current and other liabilities	989,415	788,778	200,637
Long-term liabilities	735,000	780,000	(45,000)
Total liabilities	<u>1,724,415</u>	<u>1,568,778</u>	<u>155,637</u>
Net Assets:			
Invested in capital assets, net of related debt	724,881	735,720	(10,839)
Restricted for debt service	109,634	114,894	(5,260)
Restricted for capital projects	3,557	2,274	1,283
Unrestricted	1,128,572	836,254	292,318
Total net assets	<u>\$ 1,966,644</u>	<u>\$ 1,689,142</u>	<u>\$ 277,502</u>

### Governmental Activities

Governmental activities increased the District's net assets by \$277,502. Key elements of this increase are as follows:

### Condensed Changes in Net Assets

	December 31,		Dollar	Total
	2007	2006	Change	Percent Change
<b>Revenues:</b>				
General revenues:				
Property taxes	\$ 729,995	\$ 890,162	\$ (160,167)	-17.99%
Intergovernmental	42,698	44,581	(1,883)	-4.22%
Insurance proceeds	2,290	29,256	(26,966)	-92.17%
Miscellaneous	55,998	48,801	7,197	14.75%
Total revenues	<u>830,981</u>	<u>1,012,800</u>	<u>(181,819)</u>	<u>-17.95%</u>
<b>Expenses:</b>				
General Government	45,350	55,880	(10,530)	-18.84%
Public Safety	481,545	493,985	(12,440)	-2.52%
Interest	26,584	26,630	(46)	-0.17%
Total expenses	<u>553,479</u>	<u>576,495</u>	<u>(23,016)</u>	<u>-3.99%</u>
<b>Other sources</b>				
Increase(decrease) in net assets	277,502	436,305	(158,803)	36.40%
Net assets beginning of year	1,689,142	1,252,837	436,305	34.83%
Net assets end of year	<u>\$ 1,966,644</u>	<u>\$ 1,689,142</u>	<u>\$ 277,502</u>	<u>16.43%</u>

The Statement of Activities provided answers to the nature and source of changes in net assets. The District's taxes decreased by 17.99% due to a non-recurring tax commission audit in 2006. This also influenced the decrease in general government expenses. The District received the majority of their hurricane damage insurance proceeds in 2006 causing the decline in that revenue.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,710,552, an increase of \$158,574 in comparison with the prior year. An unreserved fund balance of \$1,113,491 is available for spending at the District's discretion. The remainder of fund balance is reserved to indicate that it is not available for spending because it has already been committed to capital projects and debt service.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,113,491. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. The fund balance of the District's General Fund increased by \$267,883 during the current fiscal year. The key factor of this increase was decreasing expenditures, while maintaining revenues.

The Debt Service Fund has a total fund balance of \$118,377. An increase of \$21,542 in fund balance was due to property taxes slightly exceeding the annual debt service expenses.

The Capital Projects Fund has a total fund balance of \$478,684. The decrease of \$130,851 was for the beginning of the construction on the Ashland North Station.

### **General Fund Budgetary Highlights**

The budget was amended once during the year. The primary reasons for amending the budget were to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

#### **Revenues:**

- Decrease in the amount of ad valorem taxes by \$96,400 to better reflect the amount of taxes that were received.
- Increase in the amount of interest income to better reflect earnings.

- Decrease in supplemental pay expense due to employee terminations
- Expenses:
- Decreases in personal services were because the original budget was prepared in anticipation of the opening of the new fire station.
  - Decreases in capital outlay were due to the Capital Projects Fund handling the construction costs for the new fire station

During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2007, amounts to \$967,573 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture and equipment; and vehicles, machinery and equipment (see table below).

	<u>2007</u>	<u>2006</u>
Land	\$ 80,500	\$ 80,500
Construction in Progress	160,382	28,248
Buildings	679,953	679,953
Office furniture and equipment	22,156	18,750
Vehicles, machinery and equipment	<u>926,088</u>	<u>922,016</u>
Totals	<u>\$ 1,809,079</u>	<u>\$ 1,729,467</u>

Major capital asset events during the current fiscal year included the following:

- Began construction on new fire station
- Purchase of two computers
- Replaced the transmission in one of the fire engines

Additional information on the District's capital assets can be found in the Note 6, Exhibit F of this report.

### **Long-term Debt**

At December 31, 2007, the District had \$735,000 in long term debt outstanding, down from \$780,000 for a decrease of \$45,000 which was the amount of 2007 principal payments on outstanding debt. More detailed information about the District's long-term debt is presented in Note 8, Exhibit F of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The Ad Valorem Tax revenue budgeted represents the estimated amount of the November 2007 assessment, which the District will receive, for the most part, in January 2008
- Additional funds were budgeted in capital accounts in order to continue construction on the Ashland North station.
- Salaries and insurance costs were budgeted higher to accommodate additional personnel hires made for 2008.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Fire District 4-A, 6129 Grand Caillou Rd., Dulac, LA 70353.

**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**

**Terrebonne Parish Fire District No. 4-A**

December 31, 2007

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<b>Assets</b>			
Cash	\$ 37,826	\$ 96,121	\$ 514,270
Investments	1,126,723	-	-
Receivables - taxes	244,902	38,416	-
Due from other governmental units	548,890	83,971	-
Due from other funds	29,820	25,549	-
Deferred bond issuance costs	-	-	-
Prepaid insurance	-	-	-
Deposits	105	-	-
Capital assets:			
Non-depreciable	-	-	-
Depreciable, net of accumulated depreciation	-	-	-
<b>Total assets</b>	<u>\$ 1,988,266</u>	<u>\$ 244,057</u>	<u>\$ 514,270</u>
<b>Liabilities</b>			
Accounts payables and accrued expenditures	\$ 59,193	\$ 4,444	\$ 3,570
Due to other governmental units	5,773	-	-
Due to other funds	23,353	-	32,016
Unearned revenue	786,456	121,236	-
Long-term liabilities:			
Due within one year	-	-	-
Due after one year	-	-	-
<b>Total liabilities</b>	<u>874,775</u>	<u>125,680</u>	<u>35,586</u>
<b>Fund Balance/Net Assets</b>			
Fund balances:			
Reserved:			
Capital projects	-	-	478,684
Debt service	-	118,377	-
Unreserved - undesignated	1,113,491	-	-
<b>Total fund balances</b>	<u>1,113,491</u>	<u>118,377</u>	<u>478,684</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,988,266</u>	<u>\$ 244,057</u>	<u>\$ 514,270</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt			
Restricted for debt service			
Restricted for capital projects			
Unrestricted			
<b>Total net assets</b>			

See notes to financial statements.

<u>Total</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
\$ 648,217	\$ -	\$ 648,217
1,126,723	-	1,126,723
283,318	-	283,318
632,861	-	632,861
55,369	(55,369)	-
-	17,181	17,181
-	15,081	15,081
105	-	105
-	240,882	240,882
-	726,691	726,691
<u>\$ 2,746,593</u>	<u>944,466</u>	<u>3,691,059</u>
\$ 67,207	8,743	75,950
5,773	-	5,773
55,369	(55,369)	-
907,692	-	907,692
-	45,000	45,000
-	690,000	690,000
<u>1,036,041</u>	<u>688,374</u>	<u>1,724,415</u>
478,684	(478,684)	-
118,377	(118,377)	-
<u>1,113,491</u>	<u>(1,113,491)</u>	<u>-</u>
<u>1,710,552</u>	<u>(1,710,552)</u>	<u>-</u>
<u>\$ 2,746,593</u>		
	724,881	724,881
	109,634	109,634
	3,557	3,557
	<u>1,128,572</u>	<u>1,128,572</u>
	<u>\$ 1,966,644</u>	<u>\$ 1,966,644</u>

**RECONCILIATION OF THE GOVERNMENTAL FUND**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**Terrebonne Parish Fire District No. 4-A**

December 31, 2007

<b>Fund Balances - Governmental Fund</b>	<b>\$ 1,710,552</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Governmental capital assets	\$ 1,869,079	
Less accumulated depreciation	<u>(901,506)</u>	967,573

Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Prepaid insurance	\$ 15,081	
Deferred bond issuance costs	20,536	
Less current year amortization of bond issuance costs	<u>(3,355)</u>	32,262

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Governmental bonds payable	\$ (735,000)	
Accrued interest payable	<u>(8,743)</u>	<u>(743,743)</u>

<b>Net Assets of Governmental Activities</b>	<b>\$ <u>1,966,644</u></b>
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See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2007

	General Fund	Debt Service Fund	Capital Projects Fund
<b>Revenues</b>			
Taxes	\$ 630,993	\$ 99,002	\$ -
Intergovernmental:			
State of Louisiana:			
State revenue sharing	13,201	-	-
Fire insurance tax	21,651	-	-
Supplemental pay	7,846	-	-
Insurance proceeds			
Miscellaneous:			
Interest	54,419	288	1,283
Other	8	-	-
Total revenues	<u>728,118</u>	<u>99,290</u>	<u>1,283</u>
<b>Expenditures/Expenses</b>			
Current:			
General Government:			
Ad valorem tax adjustment	18,054	2,832	-
Ad valorem tax deductions	21,147	3,317	-
Total general government	<u>39,201</u>	<u>6,149</u>	<u>-</u>
Public Safety:			
Personal services	275,586	-	-
Supplies and materials	51,024	-	-
Other services and charges	64,557	-	-
Repairs and maintenance	24,679	-	-
Depreciation and amortization	-	-	-
Total public safety	<u>415,846</u>	<u>-</u>	<u>-</u>
Debt service:			
Principal retirement	-	45,000	-
Interest and fiscal charges	-	26,599	-
Total debt service	<u>-</u>	<u>71,599</u>	<u>-</u>
Capital outlay	7,478	-	132,134
Total expenditures/expenses	<u>462,525</u>	<u>77,748</u>	<u>132,134</u>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	265,593	21,542	(130,851)
<b>Other Financing Source</b>			
Insurance reimbursement	2,290		
<b>Excess (Deficit) of Revenues and Other Financing Source over Expenditures</b>	267,883	21,542	(130,851)
<b>Change in Net Assets</b>	-	-	-
<b>Fund Balances/Net Assets</b>			
Beginning of year	845,608	96,835	609,535
End of year	<u>\$ 1,113,491</u>	<u>\$ 118,377</u>	<u>\$ 478,684</u>

See notes to financial statements.



<u>Total</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
\$ 729,995	\$ -	\$ 729,995
13,201	-	13,201
21,651	-	21,651
7,846	-	7,846
	2,290	2,290
55,990	-	55,990
8	-	8
<u>828,691</u>	<u>2,290</u>	<u>830,981</u>
20,886	-	20,886
24,464	-	24,464
<u>45,350</u>	<u>-</u>	<u>45,350</u>
275,586	-	275,586
51,024	-	51,024
64,557	2,382	66,939
24,679	-	24,679
-	63,317	63,317
<u>415,846</u>	<u>65,699</u>	<u>481,545</u>
45,000	(45,000)	-
26,599	(15)	26,584
<u>71,599</u>	<u>(45,015)</u>	<u>26,584</u>
<u>139,612</u>	<u>(139,612)</u>	<u>-</u>
<u>672,407</u>	<u>(118,928)</u>	<u>553,479</u>
156,284	121,218	277,502
2,290	(2,290)	-
158,574	(158,574)	-
-	277,502	277,502
<u>1,551,978</u>	<u>137,164</u>	<u>1,689,142</u>
<u>\$ 1,710,552</u>	<u>\$ 256,092</u>	<u>\$ 1,966,644</u>

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL  
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES TO THE STATEMENT OF ACTIVITIES**

**Terrebonne Parish Fire District No. 4-A**

For the year ended December 31, 2007

**Net Change in Fund Balances - Governmental Fund** **\$ 158,574**

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 139,612	
Depreciation expense	(59,962)	
Excess of capital outlay over depreciation expense		79,650

The issuance of long-term debt provides current financial resources  
to governmental funds, while the repayment of the principal of  
long-term debt consumes the current financial resources of  
governmental funds. Neither transaction, however, has any  
effect on net assets. Also, governmental funds report the effect  
of issuance costs, premiums, discounts and similar items when  
debt is first issued, whereas these amounts are deferred and  
amortized in the statement of activities.

Principal payments	\$ 45,000	
Amortization of deferred bond issuance costs	(3,355)	
		41,645

Some expenditures reported in the statement of activities do not require  
the use of current financial resources and, therefore, are not reported  
as expenditures in governmental funds.

Decrease in accrued interest payable	\$ 15	
Prepaid insurance	(2,382)	
		(2,367)

**Change in Net Assets of Governmental Activities** **\$ 277,502**

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND**

**Terrebonne Parish Fire District No. 4-A**

For the year ended December 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 701,098	\$ 604,698	\$ 630,993	\$ 26,295
Intergovernmental:				
State of Louisiana:				
State revenue sharing	-	-	13,201	13,201
Fire insurance tax	20,000	21,651	21,651	-
Supplemental pay	14,400	7,846	7,846	-
Miscellaneous:				
Interest	16,200	48,985	54,419	5,434
Other	-	-	8	8
Total revenues	751,698	683,180	728,118	44,938
<b>Expenditures</b>				
Current:				
General Government:				
Ad valorem tax adjustment	-	-	18,054	(18,054)
Ad valorem tax deductions	-	-	21,147	(21,147)
Total general government	-	-	39,201	(39,201)
Public Safety:				
Personal services	336,900	276,204	275,586	618
Supplies and materials	89,200	51,008	51,024	(16)
Other services and charges	172,830	182,087	64,557	117,530
Repairs and maintenance	38,000	24,230	24,679	(449)
Total public safety	636,930	533,529	415,846	117,683
Capital outlay	213,770	7,113	7,478	(365)
Total expenditures	850,700	540,642	462,525	78,117
Exces (Deficit) of revenues over expenditures	(99,002)	142,538	265,593	123,055
<b>Other Sources</b>				
Insurance reimbursement	-	2,290	2,290	-
<b>Net Change in Fund Balance</b>	(99,002)	144,828	267,883	123,055
<b>Fund Balance</b>				
Beginning of year	186,329	845,608	845,608	-
End of year	\$ 186,329	\$ 990,436	\$ 1,113,491	\$ 123,055

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**Terrebonne Parish Fire District No. 4-A**

December 31, 2007

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Terrebonne Parish Fire District No. 4-A (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**a) Reporting Entity**

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2007.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

**b) Basis of Presentation**

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

**Government-wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (Continued)**

**Fund Financial Statements:**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the District continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the Governmental Funds of the District:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs and is reported as a major fund.

**Capital Project Fund** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction and renovation of major capital facilities and is reported as a major fund.

**c) Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Government-wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Measurement Focus and Basis of Accounting (Continued)**

**Fund Financial Statements:**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The District's definition of available means expected to be received within sixty days of the end of the fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenues) are recorded as revenues in the period for which levied, thus the 2007 property taxes which are being levied to finance the 2008 budget will be recognized as revenue in 2008. The 2007 tax levy is recorded as deferred revenue in the District's 2007 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

**d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Operating Budgetary Data**

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once for the year 2007. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the basic financial statements.

**f) Accounts Receivable**

The financial statements of the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

**g) Investments**

Investments during the year consisted of investments in the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

**h) Prepaid Insurance**

The District has recorded prepaid insurance in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements insurance premiums are recognized as other services and charges expenditures when paid.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Deferred Bond Issuance Costs**

The District has recorded deferred bond issuance costs in its government-wide financial statements. Deferred bond issuance costs are amortized over the term of the related debt using the effective interest method. In the fund financial statements bond issuance costs are recognized as expenditures when paid.

**j) Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10 – 40 years
Vehicles	5 – 15 years
Machinery and equipment	5 – 25 years
Office furniture and equipment	5 – 20 years

**Fund Financial Statements:**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Long-Term Debt**

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of general obligation bonds.

**Fund Financial Statements:**

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures.

**l) Vacation and Sick Leave**

Accumulated vacation and sick leave is recorded as an expenditure of the period in which paid in the Governmental Fund.

Full time employees are entitled to eighteen days vacation after one year of service. Each year the employee must take their vacation time before their anniversary date (day they first began working), if not taken by their anniversary date the vacation time is forfeited. The vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of thirty days. There is no material accumulated vacation at December 31, 2007.

Every fireman in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than fifty-two weeks. A fireman employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A fireman is entitled to sick leave benefits even though the injury or illness may have occurred while he was off duty. Firemen are not prohibited from engaging in part-time employment while receiving sick leave.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l) Vacation and Sick Leave (continued)**

A probationary fireman who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. There is no accumulated sick leave for the District at December 31, 2007.

**m) Fund Equity**

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Reserves represent that portion of fund equity not appropriable for expenditure or legally segregated for a specific future use.

**Note 2 - DEPOSITS AND INVESTMENTS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investments contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

**Bank Deposits:**

State law requires deposits (cash and certificates of deposit) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$656,960</u>	<u>\$648,217</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2007, \$556,960 of the District's bank balance of \$656,960 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

At December 31, 2007, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

**Investments:**

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the District's investment policy emphasizes maintaining liquidity to match specific cash flows.

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no written investment policy that would further limit its investment choices.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. This policy states, investments should be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed on the safety of the principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return. The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe

**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balance. Investments in LAMP at December 31, 2007 amounted to \$1,126,723.

A reconciliation of deposits and investments as shown on the Statement of Net Assets is as follows:

Reported amount of deposits	\$ 648,217
Reported amount of investments	<u>1,126,723</u>
Total	<u>\$1,774,940</u>

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**Note 3 - PROPERTY TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2005. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2007 was \$15.30 per \$1,000 of assessed valuation on

**Note 3 - PROPERTY TAXES (Continued)**

property within Fire District No. 4-A for the purpose of constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including fire hydrant rentals and services, and \$2.40 per \$1,000 of assessed valuation for the payment of debt and interest. As indicated in Note 1c, taxes levied November 1, 2007 are for budgeted expenditures in 2008 and will be recognized as revenues in 2008.

**Note 4 - DUE TO AND FROM OTHER GOVERNMENTAL UNITS**

Amounts due to and due from other governmental units at December 31, 2007 consisted of the following:

	<u>Due From</u>	<u>Due To</u>
State of Louisiana:		
State revenue sharing	\$ 9,051	\$ -
Firefighters' Retirement System contributions	-	3,111
Terrebonne Parish Consolidated Government:		
Insurance Premiums	-	2,662
Terrebonne Parish Tax Collector - December, 2007 collections remitted to the District in January, 2008:		
General Fund:		
Ad valorem taxes	535,313	-
State revenue sharing	4,526	-
Debt Service Fund:		
Ad valorem taxes	83,971	-
Totals	<u>\$ 632,861</u>	<u>\$ 5,773</u>

**Note 5 - DUE TO/FROM OTHER FUNDS**

Due to/from other funds are listed by fund for the year ended December 31, 2007:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 29,820	\$ 23,353
Debt Service Fund	25,549	-
Capital Projects Fund	-	32,016
Total	<u>\$ 55,369</u>	<u>\$ 55,369</u>

**Note 5 - DUE TO/FROM OTHER FUNDS (Continued)**

The balances above resulted from General Fund paying for bond issuance costs and engineering expenses for the construction of a new fire station. The receivable for the Debt Service Fund is the result of ad valorem taxes being deposited in the General Fund and the General Fund making a payment on debt for the Debt Service Fund.

**Note 6 - CHANGES IN FIXED ASSETS**

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<b>Capital Assets not being depreciated:</b>				
Land	\$ 80,500			\$ 80,500
Construction in progress	28,248	\$ 132,134		160,382
Total non-depreciable capital assets	<u>108,748</u>	<u>132,134</u>		<u>240,882</u>
<b>Capital assets being depreciated:</b>				
Buildings	679,953	-		679,953
Vehicles	754,665	2,593		757,258
Machinery and equipment	167,351	1,479		168,830
Office furniture and equipment	18,750	3,406		22,156
Total capital assets being depreciated	<u>1,620,719</u>	<u>7,478</u>		<u>1,628,197</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(219,376)	(16,680)		(236,056)
Vehicles	(508,280)	(29,783)		(538,063)
Machinery and equipment	(100,806)	(11,895)		(112,701)
Office furniture and equipment	(13,082)	(1,604)		(14,686)
Total accumulated depreciation	<u>(841,544)</u>	<u>(59,962)</u>		<u>(901,506)</u>
Total capital assets being depreciated, net	<u>779,175</u>	<u>(52,484)</u>		<u>726,691</u>
Total capital assets, net	<u>\$ 887,923</u>	<u>\$ 79,650</u>	<u>\$</u>	<u>\$ 967,573</u>

**Note 7 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES**

Accounts payable and accrued expenditures at December 31, 2007 consisted of the following:

	General Fund	Debt Service Fund	Capital Project Fund	Total
Governmental activities:				
Vendors	\$ 1,748		\$ 3,570	\$ 5,318
Payroll and payroll taxes	8,571		-	8,571
Protest taxes	48,874	\$ 4,444	-	53,318
 Total governmental activities	 59,193	 4,444	 3,570	 67,207
 Accrued interest on long term debt	 -	 8,743	 -	 8,743
 Total accounts payable and accrued expenditures	 <u>\$ 59,193</u>	 <u>\$ 13,187</u>	 <u>\$ 3,570</u>	 <u>\$ 75,950</u>

**Note 8 - LONG-TERM DEBT**

At December 31, 2007, the District had general obligation bonds, series 2004, totaling \$735,000 bearing interest at a rate of 3.89% per year, are repayable through March 1, 2019 primarily from ad valorem tax revenues.

The following is a summary of changes in long-term debt for the year ended December 31, 2007:

Bonds payable at January 1, 2007	\$780,000
Bond retired	<u>(45,000)</u>
Bonds payable at December 31, 2007	<u>\$735,000</u>



**Note 8 - LONG-TERM DEBT (Continued)**

The annual requirements to amortize all long-term debt outstanding at December 31, 2007 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 45,000	\$ 26,205	\$ 71,205
2009	50,000	25,932	75,932
2010	50,000	25,058	75,058
2011	55,000	23,676	78,676
2012	55,000	21,957	76,957
2013 - 2017	325,000	71,225	396,225
2018 - 2019	<u>155,000</u>	<u>7,088</u>	<u>162,088</u>
Totals	<u>\$735,000</u>	<u>\$201,141</u>	<u>\$936,141</u>

**Note 9 - DEFINED BENEFIT PENSION PLAN**

**Plan Description** - The District contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System, 2051 Silverside Drive, Suite 210, Baton Rouge, LA 70808-4136.

**Funding Policy** - Plan members are required to contribute 8% of their annual covered salary and the District is required to contribute at an actuarially determined rate. For the year ended December 31, 2007, the rate was 13.75% of annual covered payroll. The contributions requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the years ending December 31, 2007, 2006 and 2005 were \$19,651, \$27,156, and \$25,245, respectively, equal to the required contributions for each year.

**Note 10 - SUPPLEMENTAL PAY**

In addition to the compensation paid to the District's employees, firemen may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically.

As per Louisiana Revised Statute 33:2004, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the parish obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the District are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay and overtime pay. The period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

As of December 31, 2007, the District has recognized revenue and expenditures of \$7,846 in salary supplements that the State of Louisiana has paid directly to the District's employees.

**Note 11 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for workers' compensation and group insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee.

**Note 11 - RISK MANAGEMENT (Continued)**

The Parish handles all workers' compensation and group health claims filed against the District. The District could have additional exposure for claims in excess of the Parish's insurance contracts as follows:

<u>Policy</u>	<u>Coverage Limits</u>
Workers' Compensation	Statutory

The Parish is self-insured for the first \$125,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2006 was \$11,042,931. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities in excess of the above limits are to be funded first by assets of the Parish's group health internal service fund, \$2,834,356 at December 31, 2006, then by the entities participating in the group health plan and then finally by the District or the employee for individual claims in excess of \$1,000,000. Coverage for workers' compensation claims in excess of the stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$3,202,255 at December 31, 2006, then secondly by the District. At December 31, 2007, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2007 totaled \$38,991.

**Note 12 - COMPENSATION OF BOARD MEMBERS**

The following amounts were paid to Board Members for the year ended December 31, 2007:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Willie Bonvillain	12	\$ 360
Roland Aucoin	7	210
Louis Pitre	13	- *
Kirby Verrett	9	270
Evest Voisin	13	<u>390</u>
 Total		 <u>\$1,230</u>

\*Waived right to receive a per diem

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Terrebonne Parish Fire District No. 4-A (the District) as of and for the year ended December 31, 2007, which collectively comprise District's financial statements and have issued our report thereon dated March 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses, as 07-01 and 07-02, to be a significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we consider item 07-2 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
March 20, 2008.

## SCHEDULE OF FINDINGS AND RESPONSES

### **Terrebonne Parish Fire District No. 4-A**

For the year ended December 31, 2007

#### **Section I Summary of Auditor's Results**

##### **a) Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency (ies) identified that are not considered to be material weaknesses?   X   yes        none reported

Noncompliance material to financial statements noted?        yes   X   no

##### **b) Federal Awards**

Terrebonne Parish Fire District No. 4-A did not expend federal awards in excess of \$500,000 during the year ended December 31, 2007.

#### **Section II Financial Statement Findings**

##### **Internal Control**

**07-01 Criteria** – Effective internal controls require that an entity have staffing with the technical expertise, knowledge and available time to prepare financial statements and all disclosures in accordance with generally accepted accounting principles as part of its control process

**Condition** – Management lacks the qualifications necessary to prepare financial statements and all disclosures in accordance with generally accepted accounting principles. Possessing suitable skills, knowledge and experience to oversee services an auditor provides in assisting with financial statements presentation requires a lower level of technical knowledge that the expertise required to prepare the statements and all disclosures.

## **SCHEDULE OF FINDINGS AND RESPONSES**

(Continued)

### **Terrebonne Parish Fire District No. 4-A**

For the year ended December 31, 2007

#### **Section II Financial Statement Findings (Continued)**

##### **Internal Control (Continued)**

###### **07-01 (Continued)**

**Context** – Systematic

**Effect** – The District has a recognized deficiency in its internal control

**Cause** – The District has not determined a need for staff possessing the required technical expertise.

**Recommendation** – We recommend the District consider the need for having personnel with the technical expertise and knowledge to prepare financial statements and all disclosures in accordance with generally accepted accounting procedures.

**Views of Responsible officials of the Auditee when there is a disagreement with the Finding, to the Extent Practical** - None

**07-02 Criteria** – Internal controls should be in place to provide assurance that the asset accounts are being recorded and reconciled correctly and on a timely basis.

**Condition** – Bank statements are not being reconciled accurately leading to misstatements in financial statements presented to the Board.

**Context** – Systematic

**Effect** – Incorrect financial statements presented to the Board.

**Cause** – Lack of oversight over accounting personnel



## **SCHEDULE OF FINDINGS AND RESPONSES**

(Continued)

### **Terrebonne Parish Fire District No. 4-A**

For the year ended December 31, 2007

#### **Section II Financial Statement Findings (Continued)**

##### **Internal Control (Continued)**

##### **07-02 (Continued)**

**Recommendation** - We recommend after the reconciliation of the monthly bank statement to the general ledger is prepared monthly it is presented to a Board member for their review and approval.

**Views of Responsible officials of the Auditee when there is a disagreement with the Finding, to the Extent Practical** – None

##### **Compliance**

No compliance findings material to the basic financial statements were noted during the year ended December 31, 2007

#### **Section III Federal Award Findings and Questioned Costs**

Not applicable.

## **REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Terrebonne Parish Fire District No. 4-A**

For the year ended December 31, 2007

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2006.  
No reportable conditions were reported during the audit for the year ended December 31, 2006.

##### **Compliance**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2006.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Fire District No. 4-A did not expend federal awards in excess of \$500,000 during the year ended December 31, 2006.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2006.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **Terrebonne Parish Fire District No. 4-A**

For the year ended December 31, 2007

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

**07-01 Recommendation** – We recommend the District consider the need for having personnel with the technical expertise and knowledge to prepare financial statements and all disclosures in accordance with generally accepted accounting procedures.

**Management's Response** – Management does not consider the benefit of this recommended improvement to outweigh the cost of implementation

**07-02 Recommendation** - We recommend after the reconciliation of the monthly bank statement to the general ledger is prepared monthly it is presented to a Board member for their review and approval.

**Management's Response** – Management does plan on instituting a policy requiring a review of the reconciliations on a monthly basis.

##### **Compliance**

No compliance findings material to the financial statements were noted during the year ended December 31, 2007.

#### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Fire District No. 4-A did not expend federal awards during the year ended December 31, 2007.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2007.